

CAPITAL IMPROVEMENTS PROGRAM

The Capital Improvements Program (CIP) is a multi-year program aimed at upgrading and expanding city facilities, buildings, grounds, streets, parks, roads, and sewers. The intent of the CIP is to serve as a guide in the provision of new facilities to meet the increasing demand for capital improvements throughout the city, as well as in the replacement of outmoded facilities.

For FY 2005/06, the City Council has appropriated \$33,764,119 to continue the city's emphasis of providing the basic capital needs for the community. This year's program is funded primarily by service charges (\$2,561,550); local and state taxes (\$1,042,000); state and federal grants (\$8,959,405); and CIP fund balances, reallocations and miscellaneous revenues (\$21,201,164).

CAPITAL IMPROVEMENTS PROGRAM PROCESS

The City of Santa Fe continually faces the fact that it always has a list of many worthy and valuable projects that far exceeds the funding available at any one time. A process has been set up to evaluate each program, its funding needs, potential funding sources and priority with respect to all other needs within the city.

A basis has been established with a 5-year Capital Improvements Program (CIP) listing, which assigns a preliminary schedule and provides a description of the project and its future operational costs of these projects. Additions to this program come from several sources. Departments may require new or expanded facilities. Members of the public may organize to advocate the funding of a particular project. City Councilors also may request the inclusion of a particular project.

These requests are submitted to the CIP Division which develops a preliminary plan and estimated costs. The CIP Division also may recommend projects as it evaluates and determines the condition of city facilities. Staff from this division may contract for an evaluation and master plan of facilities to determine what is needed for a project, particularly for current facilities that appear to need major improvements.

It has been determined that the city has the bonding capacity for approximately \$15-20 million every two years from its 1/2% municipal gross receipts tax allocated by the city to its CIP Program if gross receipts tax revenue shows an annual growth of at least 3%. Annually, approximately \$2.5-3.5 million is required for recurring maintenance or continuing phased projects, including street paving, general park and facility improvements, sidewalks, medians, water management, small drainage projects and tennis court improvements.

The balance of the available funding is allocated to projects by a committee appointed by the City Manager, usually composed of the CIP Director, Public Works Director and Finance Director. Criteria include the immediateness required of the project improvements based on health, safety, or state/federal mandates (landfills, wastewater plants, facilities with significant code violations), community and City Council priorities (pools, trails, parks), public protection and service projects (fire and police stations), or department needs (larger or updated facilities required). This recommendation is reviewed in sequence by the City Manager, Public Works and Land Use Committee and Finance Committee, with final review and approval by the City Council. The Committee meetings and the City Council meeting are public meetings. Other public hearings are held throughout the process.

While this provides the funding for most projects that the city undertakes, a variety of funding sources are examined, as shown below with general funding policies.

a. Revenue producing projects should support themselves:

- Parking Garage
- Wastewater Plant Improvements
- Water System Improvements
- Golf Course (Municipal Recreation Complex)
- Regional Landfill

b. Other projects may have associated funding sources, though not directly produced revenue:

- Convention Center - Lodgers Tax
- Landfill Closure - 1/16% increment of municipal gross receipts tax
- Wastewater Plant Improvements – 1/16% increment of municipal gross receipts tax

c. Grants from state or federal may provide partial or full funding:

- Transit Facility Improvements
- Boys and Girls Club
- Senior Citizens Centers
- Streets and Highways

d. Impact fees may provide partial or full funding:

- Wastewater Plant Expansion
- Signalization
- Arterial Improvements

e. Assessments of properties directly benefiting from the project:

- Drainage Districts
- Paving Projects

Throughout the year as needs arise or projects exceed the budget allocated, funding may be allocated from the CIP Reallocation Fund, which is composed of project interest earnings and balances transferred in after project completion.

Once a project is funded, it is assigned to a project manager who will administer the Request for Proposal process to select an architect or engineer to design the project and prepare the construction bid documents. The project manager will make the recommendation of the bid award and monitor the completion of the project. Some smaller projects are designed in-house by city engineers. Depending on the nature of the project, public input is solicited for ideas on what amenities the project will include and how the impact of construction and use of the project will affect the neighborhood. The City Council has passed a resolution that members of the public participate in selection of an architect or engineer and the design process for those projects that have public impact.

In some cases if a project is delayed for various reasons or priorities change, the projects may be reprioritized, as necessary, by City Council action. If projects are not recommended for funding in a particular year, they are generally left on the list until they are ultimately funded or deleted due to a change in related conditions, needs or priorities.

RELATIONSHIP BETWEEN OPERATING AND CAPITAL BUDGETS

As projects are approved, future operating costs are also reviewed if applicable, so the City Council is aware of the costs that will be associated with the project. These costs are incorporated into the annual budget and may include additional maintenance or operational staff, equipment and operating costs.

The City of Santa Fe prepares a separate capital budget from the operating budget. The initial project budget will generally include the design and construction costs, as well as the furnishings and equipment required to have a fully functioning facility. The ½% increment of gross receipts tax allocated for CIP project management and debt service may also provide operating start-up costs for a new facility. The annual operating budget provides for general municipal services including personal service costs, supplies and services and capital equipment. This becomes part of the annual budget approved by the governing body.

The Capital Improvements Program, as distinguished from the operating budget, is a financial plan for the expenditures of monies, which add to, support, or improve the physical infrastructure and capital assets of the city. Generally, a capital project has a "useful life" of more than one year and a significant value from \$100,000 upward.

The Capital Improvements Program budget can generally be thought of as the link between the longer-term capital improvement program and the operating budget. In approving new projects, the city attempts to strike a reasonable balance between maintaining basic services and incurring additional obligations prompted by new capital facilities. The most significant difference, of course, is the fact that the operating budget is recurring and a source of recurring funds must be determined.

CAPITAL IMPROVEMENTS PROGRAM HIGHLIGHTS

Government/Management

Funding for major improvements to the operations and maintenance complex; remodeling at Municipal Court and other city-owned facilities; and rewiring projects for city telephone and data networks.

Public Safety

Funding for Fire Station #8 at Tierra Contenta.

Public Works

Funding for various street and road improvements, including new construction, repaving and resurfacing; beautification of the city's major arterials and reconstruction projects as part of an on-going street and sidewalk maintenance program; water supply, treatment and distribution projects; various sewer and drainage projects; airport improvements; street light and signal light projects; and a city-wide traffic calming program to reduce the speed of traffic in the neighborhoods.

Community Welfare

Funding for development of various trails and bike paths including the Santa Fe Rail Trail and River Trail; replacement of the Convention Center; design and construction of the La Familia Medical Center; renovations and improvements to several city parks; carryover costs of the municipal golf course/recreation complex and the community center; construction of a new south side library; and various smaller parks and recreation projects.